

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 19, 2020:

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, November 19, 2020, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office and via teleconference. Chair Dizmang called the meeting to order at 1:05 p.m.

1) Roll Call.

Attendance:

Committee:

Gloria Dizmang, Chair (via teleconf.)

Don Wilson, Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Mike Williams, Finance Manager

Judy Shay, Public Affairs Director (via teleconf.)

Dennis Hoffmeyer, Accounting Spvrsr. (via teleconf.)

Bob Egan, Financial Advisor (via teleconf.)

Danielle Henry, Management Analyst (via teleconf.)

0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Wilson, seconded by Chair Dizmang, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held October 22, 2020.

It was moved by Committee Member Wilson, seconded by Chair Dizmang, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held October 22, 2020.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of October 2020. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the October 2020 Major Account Activity Report and Investment Funds Report, including anticipated assessments and maturing CDs, and the Cash Flow Statement, including Capital Improvement Fees received in November, 2020 carryover items, and the projected increase in the year-end balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for October 2020. (Finance Manager Williams)

Finance Manager Williams reviewed in detail the balance sheet, profit and loss statement and trends, and revenue and expense analysis reports for the period ending October 2020 and stated that most departments are operating at or below the targeted expenditure percentage of 83% with very little changes from September to October.

4.4) Discussion and Overview of Committed Contracts Issued. (Finance Manager Williams)

Finance Manager Williams provided an overview of the Contractual Commitments and Needs Report for new and replacement capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, and the payout summary for the Water Revenue Bond Series 2018A through October 2020.

4.5) Consideration and Possible Action on a Recommendation Regarding the 2021 Budget. (Finance Manager Williams)

Finance Manager Williams reviewed the draft 2021 Budget, the financial effects of COVID-19, and staff's recommendation for the Committee to recommend approval of the 2021 Budget, as presented, to the full Board at the November 23, 2020 Regular Board Meeting, and after a brief discussion of the importance of maintaining a \$10 million year-end balance, it was moved by Committee Member Wilson, seconded by Chair Dizmang, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to approve the 2021 Budget, as presented, and that this item be considered by the full Board at the November 23, 2020 Regular Board Meeting.

4.6) Consideration and Possible Action on a Recommendation Regarding Resolution No. 20-21 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy. (Financial Advisor Egan/Finance Manager Williams)

Financial Advisor Egan provided an overview of Resolution No. 20-21 after which it was moved by Committee Member Wilson, seconded by Chair Dizmang, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to approve Resolution No. 20-21 being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy and that this item be considered by the full Board at the November 23, 2020 Regular Board Meeting.

5) Reports.

5.1) Finance Manager Williams:

a) Effect of COVID-19 Event.

Finance Manager Williams stated that due to COVID-19 events, as of October 31, 2020, there were 1,273 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$562,554 compared to 1,119 accounts at September 30, 2020 with an outstanding balance of \$475,744 and 67 accounts at October 31, 2019 with an outstanding balance of \$24,552 and that cash received for October 2020 was \$126,551 less than September 2020 but \$194,892 higher than October 2019 reflective of increased water sales.

General Manager LaMoreaux then stated that the State is collecting data from all larger water agencies to obtain a better understanding of the impact across the state from the moratorium on water shut-offs and that the District has submitted its data.

b) Revenue Projections.

Finance Manager Williams then stated that revenue is ahead of projections by approximately \$1.2 million.

c) Status on Refunding 2020A Series Taxable Water Revenue Bonds.

He then stated that regarding the 2020A Series Taxable Water Revenue Bonds, the sale was completed on October 20, 2020 with a net savings of 6.3% and an average annual dollar savings of \$67,103.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for the period of November 2019 through October 2020 is 1.91.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

7) Date of Next Committee Meeting.

It was determined that the next Finance Committee meeting will be held in February 2020 to allow staff to prepare 2020 year-end reports but that financial reports for the period ending November 30, 2020 will be provided to the Committee in December with briefings available.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 1:46 p.m.


Chair